

Loan Participation Program Benefits

The Iowa Agricultural Development Division (IADD) Loan Participation Program for qualified farmers is intended to assist lenders and qualified farmers by participating in a loan for the purchase of agricultural property. The following are some benefits of the Loan Participation Program:

- **Supplement Borrower's Down Payment.** The participation can be used to supplement the borrower's down payment so that the borrower can more readily secure a loan from a participating lender.
- **IADD's last-in/last-out collateral position.** The program enables lenders to request a "last-in/last-out" loan participation from the IADD. The lender, on behalf of the borrower, shall apply for the participation on application forms provided by the IADD. The IADD Board and staff will review the application and make a determination regarding approval of the participation.
- **Lender's certification.** The lender and the borrower shall certify that:
 - The information included in the application and any other documents submitted to the IADD for consideration is true and correct, to the best of their knowledge.
 - Borrower is a "low-income" farmer who cannot obtain financing to purchase agricultural property without the assistance of loan participation with the IADD.
 - No other state or private credit is available or can be obtained in a timely manner.
- **Participation loan in conjunction with Beginning Farmer Loan.** The Loan Participation Program may be used in conjunction with the IADD's Beginning Farmer Loan Program, providing the borrower meets the criteria for both programs, respectively. In these instances, the lender will have the borrower sign one promissory note to cover the loan funds to purchase the "aggie bond", as well as the loan funds to be participated with the IADD.